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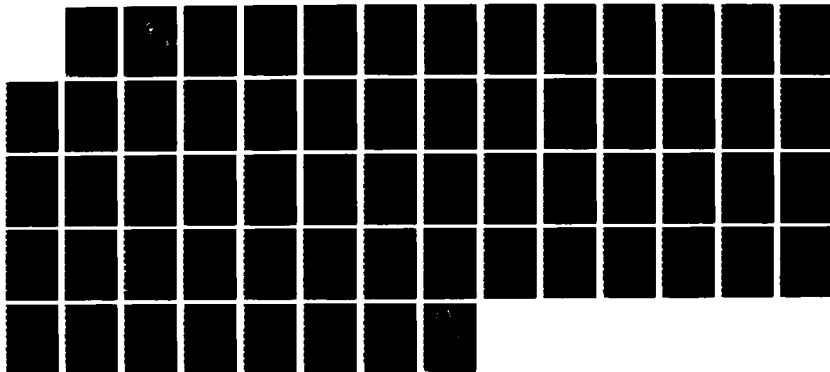
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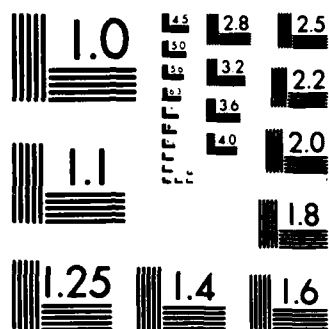
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NAVAL POSTGRADUATE SCHOOL

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THESIS

THE RECONCILIATION PROVISION OF THE
1974 CONGRESSIONAL BUDGET ACT:
PROCESS AND OUTCOMES

by

Jonathan D. Moore

June 1987

Thesis Advisor:

Jerry L. McCaffery

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The Reconciliation Provision of the
1974 Congressional Budget Act:
Process and Outcomes.

by

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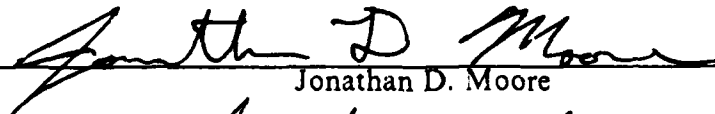
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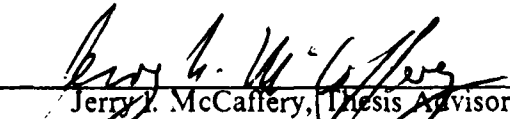
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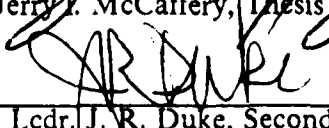
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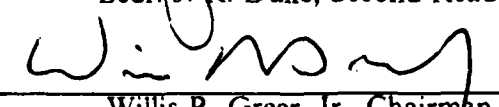
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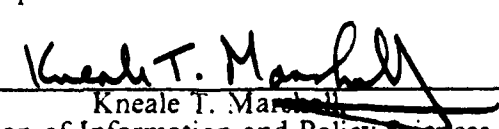

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ABSTRACT

In the 1950's, Congress created a set of budgeting norms which established that the House of Representatives controlled the power of the purse. Those norms eroded and were replaced by a free spending Congress which was unable to control its spending decisions. In 1973, the Congress reformed its budgeting process in an attempt to correct the problems of the past decade. The 1974 Congressional Budget and Impoundment Control Act provided for the reconciliation of the second budget resolution. The reconciliation provision was designed to provide Congress with the ability to finalize the spending decisions made in the two budget resolutions. In 1980, Congress changed the designed intent of the reconciliation provision. Reconciliation became a tool for the Budget Committees to use in an attempt to control budget growth. This thesis will examine whether reconciliation has restored the power of the purse to Congress.



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I. INTRODUCTION

A. BACKGROUND

Reconciliation is the process that enables Congress to enforce the priorities and totals of a budget resolution. {Ref. 1: p. 39} Reconciliation originated with the Congressional Budget and Impoundment Control Act of 1974. Originally, it was intended to be used after the second concurrent resolution to finalize the budget. The second concurrent resolution was designed to be a spending ceiling and reconciliation would enforce that ceiling.

Reconciliation was hardly used until the FY 1981 budget, when it was moved to the first concurrent resolution. Congress eliminated the second budget resolution under the Balanced Budget and Emergency Deficit Control Act of 1985, and made reconciliation instructions mandatory in the first budget resolution. Section 310 of the Act states:

Every budget resolution must "to the extent necessary to effectuate the provisions and requirements of such a resolution" specify the amount by which new budget authority, budget authority provided in previous years, new entitlements authority, credit authority, and revenues must be changed. The committees in both houses must recommend changes in laws within their jurisdiction to accomplish these required changes. {Ref. 1: p. 40}

In other words, the Budget Committee directs various committees to realize savings or increase revenue.

This thesis will focus on Congress and the power of the purse. In order to understand the impact of the reconciliation, it is important to trace the congressional budget process beginning in the 1950's. In the fifties, Congress wielded the power of the purse under the constitutional provision which states that "no money shall be drawn from the treasury but in consequence of appropriations made by law" {Ref. 2: p. xiii}. Congress used the appropriations process to control the budget. The appropriation committees had jurisdiction over a large portion of the budget. Over 70% of the budget came under the committees's review. A unit - subunit relationship existed between the appropriation committees and Congress, held together by norms and roles, that allowed each to function effectively. It was an uneasy relationship at best. Representatives must be reelected periodically, and sometimes they sponsor pet

projects which are good for their district. These projects were forced to pass under the scrutiny of the Appropriation Committee. Congressmen wanted their projects to be funded, but yielded to the Appropriation Committee's spending cuts because they accepted the fact that the committees were protecting the purse.

It was during this period that Wildavsky, in his book "The Politics of the Budget Process", described the budget as incremental:

The largest determining factor about the size and content of this year's budget is last year's budget. Most of the budget is a product of previous decisions. . . . The budget may be conceived of as an iceberg with by far the largest portion below the surface outside the control of anyone. Many items in the budget are standard and are simply reenacted every year unless there is a special reason to challenge them. {Ref. 3: p. 13}

Incrementalism worked fine during the periods of economic growth that characterized America during the 1950's and the early 1960's. A slight increase in the budget was supported by a growth in the gross national product. The size of the budget increased without the use of large amounts of deficit spending. A growing economy and the appropriations process allowed the representatives in Congress to put policy before individual concerns.

The budget process deteriorated during the Johnson and Nixon presidencies. The Vietnam War, the Great Society, and a sluggish economy strained Congress's ability to control the budget. In the years before the budget act, Congress circumvented the appropriations process and put individual concerns before national priorities. Congress used backdoor spending and other strategies to keep increased spending off budget. There was a breakdown in the long established relationship between Congress and its subunit, the Appropriation Committee. Congressmen began to act independently and did not accept old party or procedural rules. A simple legislative inhibition against "writing" legislation on the floor would not deter a Congress determined to generously endow its favorite programs over the objections of the Appropriations Committee {Ref. 4: p. 437}. Congress was not the only problem; changes to the Appropriations Committees were causing them to accommodate increased spending desires.

Congress self-imposed five spending ceilings from 1967 to 1972. The ceilings were added to four different legislative instruments which demonstrated a lack of congressional procedures for the consideration of spending limitations {Ref. 4: p. 42}. The ceilings only dealt with spending that went through the normal appropriations

process, although some of the spending that did go through the Appropriation Committees was given "off-budget" status to prevent it from being cut. However, the ceilings failed and Congress was unable to control spending which was in the form of entitlements and authorizations.

President Nixon impounded funds and cancelled programs to assume the power of the purse from Congress. The relationship between the executive and legislative branches reached an all time low. The problems between the two branches took on an air of a constitutional crisis {Ref. 5: p. 119}. Congress reacted and organized a joint committee to study improving the budget process. The Congressional Budget and Impoundment Control Act emerged from these troubled times.

The Congressional Budget and Impoundment Control Act gave Congress a set of procedures and institutions to deal more comprehensively with the national budget {Ref. 6: p. 322}. The Act was the legislature's response to the President's increased power over the budget process. The Congress hoped these procedures would reaffirm their control over the purse as written in the constitution. The Act created Budget Committees to oversee two budget resolutions. The budgets were to be comprehensive documents which tied together the following items:

- (1) budget authority and outlays;
- (2) authority and outlays for each functional category;
- (3) total revenues;
- (4) level of surplus or deficit; and
- (5) public debt. {Ref. 4: p. 14}

The idea of Budget Committees is not new; Wildavsky had identified Budget Committees as "typical reform" in 1964. He said:

If the proposed Budget Committees were unable to secure the passage of its recommendations, as it would surely be, it would have gone to enormous trouble without accomplishing anything but a public revelation of futility. {Ref. 3: p. 13}

Other reforms of the new Budget Act included: strict timetables, the control of impoundments, and bringing backdoor spending under the appropriations process. {Ref. 4: p. 24}

The opposition to the Budget Committees, the new guardians of the purse, were the Appropriations Committees, who managed to restrict their power during the drafting of the Act. From 1977 to 1980, The Budget Committees attempted to save money by assuming savings in the first budget resolution. These assumptions were

known as "legislative savings". A House Budget Committee's Task Force on Budget Process report explained the link between legislative savings and reconciliation:

Reconciliation can be traced back to the first budget resolutions, during Fy 1977 - 80, which assumed legislative savings as part of their overall budget targets. Legislative savings is a reduction in budget authority and outlays which is achieved by enacting changes in current law mandating spending (i.e., entitlements and other similar spending.). This differs from appropriations which are yearly changes in dollar levels. {Ref. 7: p. 1}

The Budget Committees were powerless to enforce their assumed savings. The other committees ignored the targets, resulting in no budget savings or congressional control of increased spending.

Congress now had a process that dealt with the whole budget and not just pieces of it, but that was not enough. In the next few years Congress discovered that it was easier to reform the budget process than it was to make fiscal policy and establish national priorities {Ref. 4: p. 55}. Other areas of the budget were also in trouble. Allen Schick wrote an assessment of the budget process in his book "Congress and Money" during the five year period after its inception:

The Budget process has not triggered a fresh examination of national priorities. In fact, Congress did more reordering of budget priorities when it lacked a budget process than it did in the five years after it had one. During the 1972 -1975 period, there was a massive shift in the relative shares of national defense and income security, the largest categories in the budget. Defense lost its lead as the biggest function and dropped from about one-half to one-quarter of total outlays. Income security took over first place, growing to fully one-third of the budget and accounting for almost one-half of total outlay increase in the 1972 - 1975 years. {Ref. 8: p. 25}

By 1981, one heard echoes of the early 1970's, warnings of presidential usurpation of the power of the purse {Ref. 6: p. 323}. Leon Panetta (D-Cal), one of the key architects of the House Democrats' reconciliation bill, appealed to members of the House:

I ask my colleagues . . . that we not surrender the only power we have here, the power to check and balance the Executive. That line has to be drawn somewhere, and I urge my colleagues to draw it now. (Ref. 6: p. 324)

In 1980, Congress used reconciliation to regain control of the budget. The Budget Committees moved reconciliation to the first budget resolution and established their willingness to control the budget. The committee stated:

The Budget Act contemplated that it might be necessary to implement an extraordinary procedure, known as reconciliation, in order to implement the policies implicit in the budget resolution. Under the framework set forth in section 310 of the Congressional Budget Act, the reconciliation process would be implemented in the second budget resolution for a given fiscal year. However, due to the necessity of acting quickly and effectively to balance the budget and realize that there may not be time to act on reconciliation instructions before the end of the Second Session of the 96th Congress, the Committee has included reconciliation instructions in the first budget resolution. Section 301(b)(2) of the Budget Act provides the authority for this action. This section provides that the first budget resolution may require any procedure "which is considered appropriate to carry out the purpose of this Act". {Ref. 7: p. 17}

Some Committee Chairmen questioned the constitutionality of the move. Morris Udall and 15 other Committee Chairmen opposed the move and said during debate:

This is an attack on the budget process, but more than that, it is an attack on the committee system. There are, in my opinion, no compelling reasons for creating a precedent for invoking reconciliation in the first budget resolution. There are all kinds of good reasons for not disrupting the budget process this year. Once permitted, reconciliation in the first resolution would become a matter of routine and regular procedure. Hereafter, the first resolution would set ceilings, not targets, and the Congress would be controlled by one budget resolution adopted early in the year. Many weeks before relevant hearings could be held on which rational decisions could be based, Irrevocable ceilings would be established with which all spending bills would have to conform. {Ref. 7: p. 19}

Despite the opposition of many of the leaders of Congress, the motion moving reconciliation to the first resolution passed. The first use of reconciliation proved an overwhelming success. The Budget Committees directed various authorizing and appropriation committees to save billions of dollars. Since that time, the reconciliation process has been used to achieve mixed results.

B. METHODOLOGY

The methodology used for this thesis was to research literature dating back to the 1950's and follow a critical analysis of the budget process to the present. In order to gather data for the analysis section, copies of the House and Senate budget resolutions and bills were obtained. The savings information and totals in Public Laws 93-344, 96-499, 97-35, and 98-270 were also used for data collection and analysis. The data collected for reconciliation focused on the fiscal years 1981 to 1986. Within that time period overall macro totals and individual decision points were collected.

This thesis will examine the perceptions and facts of reconciliation, and address the following questions: why are the reconciliation instructions followed, when a similar budget process was ignored for years? Are the committees actually following the instructions or do they change the law to suit their needs? Finally, did the House use reconciliation to regain the power of the purse, or does that power rest with another group?

C. ORGANIZATION

In order to understand the roots of reconciliation, Chapter II traces the power of the purse from the 1950's through to the need for budgeting change. Chapter III explains the 1974 Budget Act and outlines the changes in committee structure. The failure of legislative savings will also be explored. Chapter IV gives a description of the first use of reconciliation and explains the rules and scope of the process. FY 1981 was a model year for the process: This chapter also examines the years in which reconciliation did not work as well or at all. In Chapter V, the data is presented and analyzed. The focus of the analysis explores some perceptions that have developed about the use of reconciliation: specifically, whether the Congress actually sticks to the targets of the budget resolution. The data is also analyzed for any other significant trends. The final chapter draws conclusions about the process and outcomes of Congress's use of reconciliation.

II. THE BUDGET PROCESS BEFORE 1974

In order to understand the reconciliation process, it is important to review the events that led to its inclusion in the 1974 budget act. This chapter will outline the budget process as it was during the 1950's and trace the changes that occurred during the Johnson and Nixon presidencies. How Congress economized during this time period will also be studied.

A. AN OVERVIEW OF THE PROCESS

The budget process of the 1950's seemed to be a budget system that worked. There were relationships and norms that held the process together and provided an annual budget with authorized and appropriated acts. That process was an outgrowth of the Budget and Accounting Act of 1921. The following were the three distinct phases of the process:

- (1) Presidential Budget Submission
- (2) Congressional Authorization
- (3) Congressional Appropriation

A brief explanation of each of these phases will be given below.

1. Presidential Budget Submission

The President submitted his budget during the third week of January. The President's budget is a single package which ties together the various executive agencies' requests for program. In 1921, The Budget and Accounting Act created a Bureau of the Budget to help the President organize the various executive branch requests. The Bureau of the Budget gave the President the necessary tools to bring harmony to the money requests of these agencies. {Ref. 9: p. 18}

In order to submit his budget on time, the President's work on that year's budget began 18 months earlier when various agencies representatives started discussions with bureau experts about program for the new fiscal year and the problems of integrating such programs with prior years {Ref. 9: p. 19}. After all of the program requests were submitted, the bureau balanced the various requests with the president's plans and goals for that year's agenda. During December, the Bureau of the Budget and the President made their last decisions about the programs and finalized the budget request. After the budget was submitted, Congress had until 1 July to complete the authorizations and appropriations process.

2. Authorization

Authorization is when Congress approves the functions for which expenditures are to be made. That is, the Congress passes legislation authorizing specific activities, such as foreign aid and defense, but does not fund and sometimes does not even specify the amount of funds implied in the activity. {Ref. 10: p. 34}

There are various ways that Congress can set forth which agencies can spend money. The most common method of spending authority is the annual appropriation. This places the commitment for funding programs into the appropriation review process annually. There are nine other ways that Congress authorizes spending authority:

- (1) Ordinary current appropriations, including one year, multiple-year and no year appropriations.
- (2) Annual indefinite appropriations.
- (3) Permanent appropriations: definite and indefinite.
- (4) Contract authorizations which confer authority to enter into contracts and other obligations in advance of an appropriation: current and permanent.
- (5) Appropriations to liquidate contract authorizations.
- (6) Authorizations to expend from public debt receipts.
- (7) Authorizations to make loans out of the treasury.
- (8) Reappropriations.
- (9) Reauthorizations of contract authority.
- (10) Reauthorizations to expend from public receipts. {Ref. 9: p. 21}

Each method has been developed by Congress for a specific purpose. Some methods avoid the annual appropriations review, while others give money to programs directly from the Treasury and keep the money off budget. The "re" categories, reappropriations and reauthorizations, can be used by Congress as a method of grabbing the bookkeeping credit for savings made by the executive agencies either by economic operation or because of conditions making it impossible for the agency to commit all of the amounts authorized. {Ref. 9: p. 23}

In summary, the Authorizing Committees established the laws that specify how much money should be given to a program and what method of spending authority will be used. The authorization process creates a legal claim against which the Government is obligated to pay.

3. Appropriation

Appropriation legislation permits a government agency or department to commit or obligate the Government to certain expenditures, or what is commonly called "new obligational authority". {Ref. 10: p. 34}

Before 1974, the Appropriations Committees operated in closed sessions and did the vast majority of the work for Congress on the budget. By 1950, the process had evolved into a well established structure for decision-making. There were three levels to the structure: Congress as a whole, the Appropriations Committees, and the Appropriations Subcommittees. At the lowest level, the Appropriations Subcommittees held hearings at which interested parties (including cabinet members and budget officials, as well as private citizens) could make statements and answer questions of members of the subcommittees concerned {Ref. 9: p. 23}. The Subcommittees specialized giving them expertise. The Appropriation Committee gathered all of the specialized knowledge from its subunits and finalized the information into bills. The bills were presented to their respective House and were either approved or rejected. If the bill passed it went to conference; otherwise, the committee had to make changes and once again put it to a floor vote.

The House and the Senate Appropriations Committees met to resolve their differences in conference and then presented a unified front when the final versions of the appropriations bills were put to vote on the floor. After Congress passed the bills, the final step was to submit the appropriations bills for Presidential signature. During the 1950's, the Appropriations Committees had power and actively tried to reduce all of the President's requests. The Appropriations Committees truly were the guardians of the purse.

B. THE APPROPRIATIONS COMMITTEE SYSTEM

Appropriation politics in Congress was an effective tool to control the budget until the Congress weakened established budgeting patterns during the 1960's. This section will describe how the Appropriations Committees held the power of the purse.

It was Richard F. Fenno, Jr who wrote the definitive study of Appropriations politics in Congress called "The Power of the Purse". Fenno described the Appropriation Committees as a subset of the House of Representatives that was given vast power, but was held in check by a set of expectations and sanctions designed to allow it to function. There were four goals that Congress expected the Appropriations Committees to meet:

- (1) To deliberate, decide and make recommendations which will then be acted upon authoritatively by the House.
- (2) Make educated recommendations as to the amount of money to be appropriated for the various operations of the Government.
- (3) Oversee the executive branch exercising a continuous watchfulness over the administration.
- (4) Negotiate with the other House to iron out differences in the bills. {Ref. 2: p. 6}

It was the House's Appropriations Committee that was the real guardian of the purse. The House Appropriations Committee members viewed the Senate as the "upper body" because it always "ups" appropriations {Ref. 2: p. 100}. Because of different norms and values the Senate became known as "The court of last appeal". Because of the guardian role of the House Appropriation Committee, most of this paper will deal with that committee.

The committee was able to reduce the President's request for programs because the members maintained the following goals for themselves:

- (1) That the power of the purse is the essential bulwark of congressional power.
- (2) That the money in the Federal Treasury cannot be made available for government use except by act of Congress, and should be granted by annual appropriation.
- (3) Budget estimates should be reduced.
- (4) That member constituencies interests should be served. (Backdoor spending reflects the committees failure to meet this goal){Ref. 2: pp. 10-19}

The committee defended their power through the 1950's and into the 1960's. The goals of the committee blended with what Congress expected from its subunit.

The Appropriations Committees used a variety of strategies to maintain their autonomy and influence. The first strategy was to maintain the scope of the appropriations process. The Appropriations Committee was expected to balance what the Congress wanted; for example, a new program and what was just enough funding for the program to function. Fenno explained about that balance:

Between these extremes, conflict will arise over what constitutes "adequate" or "sufficient" financing and what constitutes the "survival" of a given program at a particular time. Hence, House expectations as to the committee's area of discretion are hard to pinpoint. One can only generalize that when a majority has declared support for a program, the Appropriations Committee is expected to appropriate most of the money authorized or requested for it. A vastly larger portion of a request is expected to be beyond the reach of the Appropriation

Committee than is expected to lie within its area of discretion. The committee's independent influence is expected to be marginal or incremental. Such is the dominant demand of every authorization statute. {Ref. 2: pp. 7-8}

The Appropriation Committee maintained their influence by trying to prevent backdoor spending. Clarence Cannon, who was chairman from 1949 to 52 and 55 to 1964, was a domineering chairman who tried to thrust his conservative views on the committee and vigorously guarded appropriations against raids on its jurisdiction {Ref. 8: p. 418} During his tenure, the committee maintained its influence.

The second strategy was to shield themselves from spending pressures. House Appropriations Committee members were carefully selected from relatively "safe" districts. Because their reelection prospects were favorable, these members could afford to resist pressure from interest groups {Ref. 8: p. 428}. This time honored selection process insured that members of the committee would be able to adjust to a rigid set of norms that they imposed upon themselves. The chairman was also selected from the committee after years of budget cutting indoctrination.

Another way to shield themselves was to use closed or executive sessions. The committee used executive sessions to protect deliberations from pressure generated through publicity which, in their view, increased appropriations and prevented them from protecting the treasury. {Ref. 2: p. 113}

The last strategy was to select conservative members. This caused the composition of the committee to be made up of conservative members of both parties who expected each other to work hard and make budget cuts. The conservative members shared the same goals and could see beyond party lines.

In summary, the Congress expected the Appropriations Committee to fund programs and watch over the purse strings. The committee managed to do this until the mid 60's using domineering leadership and a few anti-spending strategies. While the House's Appropriations Committee guarded the purse, the Senate's Committee maintained different goals and balanced the cuts. This system had worked for 80 years, but it was about to undergo debilitating changes.

C. ECONOMIZING

While there were great pressures on the Appropriations Committee to increase spending, what happened during the years Congress was in an economy mood? How did Congress impose its will on the Appropriations Committee? This section explores how the Congress economized from 1950 to 1965.

Fenno studied various years during the 50's and 60's, and two years in particular in which an economy mood pervaded. The way Congress imposed its will on the Appropriation Committee was to reject the appropriations bills when they reached the floor. Each of the fourteen bills generally arrived for a vote at different times. In 1951, the Treasury - Post Office Bill arrived on the floor first. Fenno explained how Congress dealt with that bill:

Minority Whip Leslie Arends rose immediately, urged all Republicans to be present to vote for the "economy amendments" that were to come, and delivered the following invocation for proceedings. "May this be the beginning of a great economy drive. May we have a good attendance when each appropriation bill comes up and may we have votes for economy." The leader of the Southern Democrats, Representative Eugene Cox, intoned in reply, "The importance of what we are doing here this afternoon is that it should help the bureaucrats downtown to realize that the honeymoon of the order is over, and that the day of the fuzzy-minded, do-gooder is over. . . ."

The fact that a united subcommittee backed by the party leadership acting in one of the least controversial program area (treasury) could not prevail against the economy mood in "the House", suggests the decisiveness of the mood variable when it is operative. {Ref. 2: p. 472}

It was this pattern that informed the Appropriations Committee that it was an economy year in the Congress. In 1951, the mood was caused by increased defense spending for the Korean War. In order for this system to work, appropriation bills had to reach the floor in a timely manner for debate. The fiscal year started 1 July. Lawmakers complained at the time that the budget process was too short and required revision. Still that time period was characterized by budgets completed on time. In 1957, an economy mood was domestically induced. President Eisenhower sent Congress the largest peacetime budget to that date {Ref. 2: p. 478}. The budget sent shock waves through the Congress. Again the Congress informed the Appropriations Committee that it wanted increased reductions by defeating bills and calling for increased cuts. The Appropriations Committees only defense at these times was the roll-call vote. The roll-call is a weak defense but sometimes effective when a Congressman does not want to be recorded as voting against a certain program.

The floor vote renews the unit-subunit relationship between the House and Appropriation Committees. Fenno points out that the committee's bills generally pass because of four reasons:

In the first place, the committee can manipulate the floor context to its advantage by controlling the flow of its bills to the floor, by restricting the spread of information, by minimizing the influence of party leaders, and by dominating floor participation.

In the second place the committee operates under favorable conditions in the Committee of the Whole House. The rules making provision for a quorum and those specifying amending and voting procedures bestow advantages on the committee. The committee also benefits from the inability and the unwillingness of the House members to devote their scarce resources of time, energy and legislative credit to a consistent or concentrated or conflict producing consideration of appropriations legislation.

In the third place, the committee commands a substantial measure of respect and confidence among House members. . . .

Finally and most important, the committee succeeds on the House floor because it usually maintains a high degree of unity. {Ref. 2: p. 500}

In conclusion, the floor vote is where the House as a whole can express its mood to the Appropriation Committee. In most years there is a spending bias that the Appropriation Committees must protect themselves from. However, there are exceptional years when the Appropriation Committees become the spenders trying to protect programs against more cuts.

D. CHANGES DURING 1966 TO 1973

It was during the Johnson and Nixon presidencies that great changes took place in the budgeting arena. These changes led to the call for reform. There were many reasons for the changes during these years; some environmental factors include: the Vietnam war, Watergate, and social and economic unrest. President Johnson believed that a country as great as America could afford "guns and butter". All of these changes come under four general headings:

- (1) Fighting over budgets.
- (2) Appropriations versus Tax Committees: fighting over ceilings.
- (3) President versus Congress: fighting over spending priorities.
- (4) Weakening of the Appropriations Committee. {Ref. 8: p. 15}

Each of these areas will be analyzed.

1. Fighting over budgets

The conflict in the budgeting arena grew during the Johnson presidency and climaxed during the Nixon presidency. There were two reasons for the fighting over budgets:

- (1) Increased participation in budget policy. {Ref. 8: p. 20}

(2) The lost increment. {Ref. 8: p. 23}

a. Increased Participation

Before the 1970's, the budget process was closed to outside scrutiny by its inherent complexity, the obscurantism of budget documents, the impenetrability of the tax laws, and the failure of affected interests to invest in budget research and data {Ref. 8: p. 21}. The flow of the budget process was kept out of the hands of most Congressmen until the floor vote. For years, the Appropriation Committees and Ways and Means Committees protected their power by keeping Congress ignorant {Ref. 8: p. 21}. During these years, Congressmen began to redefine their roles as representatives. In a democracy, Congressmen must satisfy their voters in order to be elected periodically. This brings the role of representative in conflict with the role of policy maker {Ref. 4: p. 10}. In order to satisfy their constituents, representatives felt the need to find different ways to circumvent the normal appropriation process. The Authorizing Committees began to make more of the budget uncontrollable. From 1967 to 1974, the percentage of uncontrollable budget rose from 59.1% to 72.2%. Even more interesting is that during this period, more than 90 percent of the increase in total outlay was accounted for by uncontrollable spending. {Ref. 8: p. 27}

Congressmen began demanding information and breaking down existing barriers to obtaining it. As the participation of representatives increased, so did conflict. But it was not just Congressmen who wanted more participation; numerous interest organizations began to issue their own budget studies each year. Shortly after the President's budget went to Congress, Mayors, Governors, County Officials, and many interest groups released analyses of what the budget meant for their governments or their clients {Ref. 8: p. 22}. Increased participation slowed the process by increasing the interest focused on every cut.

The second reason there was increased fighting over budgets was because resources became scarce. In 1966, President Johnson had asserted:

Both of these commitments involve great costs (military and domestic needs). They are costs we can and will meet. . . . The struggle in Vietnam must be supported. The advance toward a Great Society at home must continue unabated. {Ref. 8: p. 25}

In 1967, he proposed both deficit spending and a tax surcharge:

This program will require a measure of sacrifice as well as continued work and resourcefulness. . . . This budget represents a careful balance of our abundant resources and our awesome responsibilities. {Ref. 8: p. 26}

The conflict grew during the Nixon presidency because of two reasons: (1). the economy stagflated, which hurt the GNP; and (2). the executive branch proposed radical departures from incrementalism, which hurt the way the President and Congress normally do business. During various budget years, President Nixon recommended hundreds of program terminations, almost all of which the President proposed to implement without prior legislative approval {Ref. 8:p. 29}. This attack at the base of the budget caused intense budget conflict. With the economy in trouble, the rosy picture of the early 60's had disappeared.

2. Appropriations versus Tax committees

The next great change was the blurring of the responsibilities for control of spending. As more of the budget became uncontrollable, the Tax Committees gained more control over spending. Most entitlements (such as Social Security, public assistance, Medicare and Medicaid, and Supplemental Security Income) were under the jurisdiction of the Ways and Means and Finance Committees {Ref. 8: p. 29}. During those years, there was no way to assess the impact of budget decisions because spending control was so fragmented. The Appropriation blamed the Tax Committees and the Tax blamed the Appropriation Committees. This situation led to the imposition of spending ceilings. On five occasions between 1967 and 1973, Congress acted on proposals to limit total federal spending. {Ref. 8: p. 32}

The problem with the spending ceilings was that they didn't work. Many of the ceilings were broken because of uncontrollable spending and Congressional action. Spending ceilings were an untried reform that tends to increase the level of conflict. Wildavsky points out that spending ceilings cause government officials, who have every incentive to raise their spending income while reducing their internal differences, to increase the conflict level in government {Ref. 11: p. 32}. This fighting between the committees and Congress's reluctance to deal with unpopular legislation led to five years of broken ceilings.

3. President versus Congress

There has always been a difference between what the President wants for the Nation and what Congress feels are the correct priorities. This conflict between the President and Congress reached unworkable levels during the Nixon Presidency. In his book, "The Imperial Presidency", Arthur Schlesinger argues that the Nixon Presidency was marked by a breakdown of Comity between the President and Congress. The concept of Comity is vague, but it is meant to connote a degree of restraint in

interbranch relations that allows informal norms to keep disputes from getting out of hand {Ref. 5: p. 115}. The conflict broke down into two categories: (1) the President's use of Veto's and impoundments, and (2) general conflict in the budgetary arena. Each of these areas will be analyzed.

a. The President's Use of Veto's and Impoundments.

A pocket veto is an unsigned bill that does not become law if there is an adjournment. The Constitution provides that "If any bill shall not be returned by the President within ten days (Sundays excepted) after it shall have been presented to him, the Same shall be a law, in like manner as if he had signed it, unless the Congress by their adjournment prevents its return, in which case it shall not be a law." President Nixon used the pocket veto, during a five day Christmas recess, to avoid an almost certain override. Senator Edward Kennedy went to Court to challenge this unprecedented use of the pocket veto {Ref. 5: p. 116}. Although this was not a major incident, it illustrates what Congress perceived to be a breach of Comity, or traditional norms.

The Congress gave up on spending ceilings in 1972, and President Nixon looked for another way to control spending. The President used the impoundment to rewrite national policy. Rather than the deferment of expenses, Nixon's aim was the cancellation of unwanted programs {Ref. 8: p. 46}. Allen Schick in his book "Congress and Money" explains why impoundments were such a problem:

Impoundments exacerbated Nixon's relationship with Congress. First, impoundment was a unilateral action, taken without any involvement of Congress whatsoever. When Nixon impounded for policy reasons, he in effect told Congress, "I don't care what you appropriate; I will decide what will be spent." Second, impoundment offered no clear procedure for resolving budgetary impasses between the two branches. If Congress overrides a presidential veto, its budget priorities prevail; if it cannot muster a two thirds vote, the president's priorities win. Impoundments, by contrast, invited stalemate and protracted conflict. {Ref 8: p. 48}

b. The Budgetary Arena

During the Nixon Presidency, budget disputes got out of hand. The President turned the budget into one of the major campaign issues of 1972 and caused warfare over the budget to escalate sharply {Ref. 8: p. 43}. During the next two years, Congress and the President fought for control of spending priorities. In the Fall of 1972, Congress passed H.R. 16810 which created a Joint Study Committee to study

budgetary reform {Ref. 5: p. 124}. This study was to eventually lead to the 1974 Budget Act. It is not clear whether the conflict between Nixon and the Congress would have led to the passage of the Budget Act or whether it took an event like Watergate to weaken the President and allow its passage. But in any case the stage was set for a new budget process.

4. Weakening of the Appropriations Committee

One of the biggest changes that occurred was the weakening of the Appropriation Committees. Fenno's picture of the strong Appropriation Committee who held the power of the purse had changed. There were three changes that weakened the appropriation committees and, therefore, the appropriation process:

- a Limiting the scope of the appropriations process.
- b Exposing the Appropriations Committees to spending pressures.
- c Changing of the membership of the House Appropriation Committee. {Ref. 8: p. 425}

Each of these changes will be explored.

a. Limiting the Scope of the Appropriations Process

As Congress increased the use of backdoor spending and entitlements, the scope of the appropriation process was reduced. By FY 1974, only 44% of the budget was associated with the items to be considered in the appropriations bills. Appropriations Committee control decreased not by chance but as a result of a deliberate effort by Congress to unshackle itself from its fiscal guardians {Ref. 8: p. 425}. Congress no longer controlled the budget because it had authorized too much of the budget away. The Legislative Committees began to rail against their opposite numbers on the appropriations side for exercising more power with less information, usually on the grounds that expenditures should be greater than they are, even if that meant getting around the annual appropriations process through direct (backdoor spending) or indirect (tax subsidies) access to the Treasury. {Ref. 3: p. 214}

b. Exposing Appropriations to Spending Pressures.

As discussed previously, the Appropriation Committee tried to protect themselves from spending pressures. During this time period, the Congress changed many of the protective strategies of the Appropriation Committee. The changes were allowed because of the weak chairmanship of George Mahon. It was Clarence Cannon who had defended the appropriations process with vigor during the 1950's and early 60's. George Mahon, on the other, hand was conciliatory and accommodating during his 15 year term as chairman which ended with his retirement in 1978. {Ref. 8: p. 418}

The first of these changes was the open meeting. Congress always wanted the Appropriations Committee's meetings open. The closed or executive meeting had allowed the committee to protect themselves from spending pressure generated by publicity. Every one of the more than 700 meetings of the House Appropriation Committee in the 91st Congress (1969 - 70) was closed; the Senate Committee closed about three - quarters of its meetings. Then, in a rapid series of moves, the House and Senate chipped away at the rules permitting or mandating closed sessions {Ref. 8: p. 429}. The chilling effect of an open meeting on opposition to spending proposals was described by a subcommittee clerk who clearly was not happy about the results:

The House Appropriations Committee is weaker now. The members seem to be playing to the audience. They are not prone in an open markup or conference to say what they want to say. This year we had five or six members who showed up at our conference and some of the projects they wanted were dogs. But members are not likely to criticize and hurt another member's feelings, so you don't have the kind of exchange we used to have when markups and conferences were closed. {Ref. 8: p. 427}

The Appropriations Committee used to protect itself by selecting the Committee and Subcommittee Chairmen from among themselves. During the 70's it was the Democratic Caucus and later the Democratic Steering and Policy Committee that selected Committee Chairmen. This broke the long tradition of the Chairman being schooled with the cost cutting norms and values of the Appropriation Committee. The Chairmen played to the audience and satisfied the caucus in order to maintain the chair {Ref. 8: p. 430}. Now open to spending pressures, the Appropriation Committee lost its budget cutting edge.

c. The Changing Membership.

From 1966 to 1974, the number of liberals increased on the Appropriations Committees. Many were added to the committee because the Democratic Caucus decided key committees should have at least a 2 to 1 party ratio. {Ref. 8: p. 434}. These new members were not schooled by the normal process and, therefore, added to the changing of the norms.

The three changes caused the Appropriation Committee to evolve into a more liberal group, who were playing to the audience and were dealing with much smaller chunks of the budget. This combination of changes weakened the Appropriation Committees and subdued them as guardians of the purse. The next

chapter will examine the Budget Act of 1974 and how Congress created new guardians of the purse.

III. THE 1974 BUDGET ACT: FROM 1974 TO 1980

This chapter will examine Public Law 93-344 and its impact on congressional budgeting from 1974 to 1979. The object of this chapter is to explain the new budget process and explore its performance during the five year period before reconciliation. The previous chapter outlined how Congress was able to economize by rejecting appropriations bills as they reached the floor. Under the new system, it became the Budget Committees's responsibility to economize. Before they used reconciliation in 1980, the Budget Committee attempted to control the purse strings with legislative savings. The Budget Committees were hampered in their efforts because they were the new committees in the already established congressional committee system.

The first section of this chapter gives an overview of the Budget Act. The second section will explore the creation of the Budget Committees and their new role as guardians of the purse. Finally, the last section will explain the failure of legislative savings.

A. OVERVIEW OF THE BUDGET ACT

Because of the conflict of the late 60's and early 70's, Congress decided a new budget process was needed. On 27 October 1972, Congress established the Joint Study Committee to examine the possibility of reform. Table 1 summarizes the legislative history of the Budget Act, Public Law 93-344, which began with the JSC's reports and ended with the President signing the bill into law {Ref. 8: p. 54}.

1. The Joint Study Committee on Budget Reform

Liberals, conservatives, and reformers called for reform of the budget process. Not since the budget reform of 1921 had such a coalition of Congressmen been gathered in the name of budget reform. The desire to study the alternatives led to the formation of a study group composed of both houses. The membership of the committee was drawn primarily from the Appropriations and Revenue Committees (28 of the 32 members) {Ref. 5: p. 132}. As a result, the initial proposals of the committee were specific to the spending and revenue areas. Congress changed many of the proposals but left the overall scheme of the reform intact. The proposed plan would layer reforms over the existing system. The committee's proposals would allow the committees of Congress to maintain their current jurisdiction {Ref. 5: p. 132}. It was

TABLE 1
PUBLIC LAW 93-344: LEGISLATIVE HISTORY

DATE	ACTION
27 Oct 1972	Joint Study Committee (JSC) established.
18 Apr 1973	JSC report issued.
11 Apr 1973	S. 1541 introduced (Senate's version of the new budget process).
17 Apr 1973	S. 373 reported (impoundment control).
10 May 1973	Senate passed S. 373
27 Jun 1973	H.R. 8480 reported (House's version of impoundment control).
25 Jul 1973	House passed H.R. 8480.
20 Nov 1973	H.R. 7130 reported (House's version of the new budget process).
28 Nov 1973	S. 1541 reported.
05 Dec 1973	House passed H.R. 7130.
22 Mar 1974	Senate passed S. 1541.
12 Jun 1974	Conference Committee reported.
18 Jun 1974	House adopted conference report.
21 Jun 1974	Senate adopted conference report.
12 Jul 1974	President signed Congressional Budget and Impoundment Control Act: Public Law 93-344.

clear the Joint Study Committee (JSC) version of the new budget process was loaded in favor of those who wanted less federal spending and smaller budget deficits. In view of the background of budget reform and the composition the JSC, this preference was to be expected. {Ref. 8: p. 72}

The JSC proposed that Budget Committees be created to oversee the budget process. The membership of the committees were to be equally drawn from the Appropriations Committee, Revenue Committees, and Congress as a whole. The Budget Committees would report concurrent resolutions at the beginning of the budget cycle. This proposal was unanimously endorsed by the JSC even though it encroached upon the Appropriations Committees discretionary budgeting ability {Ref. 5: p. 132}. Other reform proposals included: the limitation of backdoor spending, bolstering the control of the Appropriations Committees over floor action, and the use of overall levels of revenue, debt, and deficit to control spending.

2. Public Law 93-344: Congressional Budget and Impoundment Control Act

Congress studied the JSC's recommendations and began to chip away at the strong pro committee proposals. During the consideration process, Congress changed the proposals to allow for greater spending input from the floor. However, the principles underlying the proposals were generally accepted. No legislative interest got all that it wanted from the Congressional Budget Act; nor was any interest completely thwarted {Ref. 8: p. 71}.

The new budget law created the following reforms:

- a. A Congressional Budget Office to provide budgetary data
- b. Backdoor spending would be brought under the appropriations process.
- c. A strict timetable was established.
- d. Impoundments were controlled.
- e. Two budget resolutions would set targets and ceilings on spending.
- f. Budget Committees were established.

With the exception of the Budget Committees, each one of the reforms will be given an overview. The Budget Committees will be examined in the next section.

a. C.B.O.

Title II of Public Law 93-344 established the Congressional Budget Office (CBO). The CBO was given a specific mandate to assist both the House and Senate Budget Committees and serve as a principle source of information on the budget and on taxing and spending legislation {Ref. 7: p. 7}. One of the CBO's more important functions was the scorekeeping and tracking of Congress's numerous spending decisions. Scorekeeping was envisioned as a way to maintain the targets of the first resolution. In addition to its scorekeeping role, the CBO gives its version of the economic forecasts to the Budget Committees to be used in the preparation for the markup of the first budget resolution. The report discusses alternative budget levels, in the aggregate as well as for each major functional category of the budget. {Ref. 7: p. 8}

b. Backdoor Spending

Section 401 of the Budget Act provides controls over three forms of backdoor spending: entitlement, contract authority, and borrowing authority. The object of this section was to stop any new contract or borrowing authority by putting that kind of legislation under appropriations review.

c. Timetable

Title III, Sec 300 of the Act includes a timetable for various phases of the congressional budget process, prescribing the actions to take place at each point. Table 2 summarizes the timetable {Ref. 4: p. 180}.

TABLE 2 TIMETABLE	
ON or before: +++++	Action to be completed: +++++
November 10	President submits current services budget.
15th day after Congress meets	President submits his budget.
15 March	Committees and joint committees submit reports to Budget Committees.
April 1	Budget Committees report first concurrent resolution on the budget to their houses.
May 15	Committees report bills and resolutions authorizing new budget authority.
May 15	Congress completes action on first concurrent resolution resolution on the budget.
7th day after Labor Day	Congress completes action on bills and resolutions providing new budget authority and new spending authority.
September 15	Congress completes action on second required concurrent resolution on the budget.
September 25	Congress completes action on reconciliation bill or resolution.
October 1	Fiscal year begins.

The timetable can be simplified into four phases:

- (1) Information gathering, analysis, and report on first concurrent resolution (January 15 - April 15).
- (2) Adoption of first resolution: establishment of targets (April 15 - May 15).
- (3) Enactment of appropriations bills (May 15 - September 14).
- (4) Adoption of second concurrent resolution and reconciliation (September 15 - October 1). {Ref. 4: p. 26}

The timetable formalized and structured the congressional budget process. The idea of reconciliation was borrowed from the executive branch as a way to finalize the budget. As designed, reconciliation would be the last step in the process.

d. Impoundments

Title X of the Act controlled the use of impoundments by a President. It established deferrals and rescissions of budget authority, which give Congress the upper hand in the process. If Congress chooses not to act, then the obligation is continued. Title X ended the stalemate of impoundments.

e. Two Budget Resolutions

The first of the resolutions was designed as a target, while the second was a ceiling. Section 301 of the first resolution sets forth:

- (1) "The appropriate level of total budget outlays and of total new authority.
- (2) An estimate of budget outlays and an appropriate level of new budget authority for each major functional category, for contingencies, and for undistributed intragovernmental transactions based on allocations of the appropriate level of total budget outlays and of total new budget authority.
- (3) The amount, if any, of the surplus of the deficit in the budget which is appropriate in light of economic conditions and all other relevant factors.
- (4) The recommended level of Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees.
- (5) The appropriate level of the public debt, and the amount, if any, by which the statutory limit on the public debt should be increased or decreased by bills and resolutions to be reported by appropriate committees.
- (6) Such other matters relating to the budget as may be appropriate to carry out the purposes of this Act". {Ref. 4: p. 180}

The Second resolution affirms or revises, on the basis of new information and data, changed economic circumstances, and Congress's spending actions, and the matters contained in the first resolution (that is, the "target" levels of budget authority and outlays, total revenues, and the public debt limit). {Ref. 7: p. 12}

3. Public Law 93-344 and the Appropriations Committees

The House Appropriation Committee was no longer the guardian of the purse. After a decade of increased spending, the Appropriation Committees had lost credibility as the policeman of the budget {Ref. 8: p. 441}. Congress established controls over the committee in order to monitor the relationship between spending bills and the budget. Each bill is given a scorecard and closely watched by a member of the Budget committee. A "crosswalk" is an information link that connects the budget resolution (national priorities) to the appropriations bills (specific spending issues). The crosswalks were a way to monitor the spending decisions of the Appropriations

Committee. One Democrat who sits on both the Budget and Appropriations Committee commented about the impact of the new budget process:

Appropriations is still a strong committee but it's nothing like it used to be. Everybody in the Congress is becoming an expert on spending and they are less likely to defer to us. It's a whole new ball game with the Budget Committees, and Appropriations isn't top dog anymore. {Ref. 4: p. 123}

The biggest role change for the Appropriations Committee was the required submission of Views and Estimates by 15 March. The committee was forced to behave like a claimant. Section 301(c) of Public Law 93-344 provides for the Views and Estimates of the committees. All standing committees submit reports to the Budget Committees indicating their legislative plans for the next year. The Appropriations Committees were forced to submit higher estimates than were required. The Appropriations Committees cannot ask for less than they want in subsequent appropriation bills, nor can they calculate their needs so closely as to risk a possible breach of the budget targets later in the year. To be safe, they must err on the high side, even if this means a further weakening of their control over federal expenditures. {Ref. 8: pp. 442-443}

B. THE BUDGET COMMITTEES

Title I of Public Law 93-344 established two Budget Committees. The committees were to consist of five members from the Committee on Appropriations, five members from the Committee on Ways and Means, and 13 members from Congress as a whole. Each committee was given the following duties:

- (1) "To report the matters requires to be reported by it under Title III and IV of the Congressional Budget Act of 1974.
- (2) To make continuing studies of the effect on budget outlays of relevant existing and proposed legislation and to report the results of such studies to the House in a recurring basis.
- (3) To request and evaluate continuing studied of tax expenditures, to devise methods of coordinating tax expenditures, policies and programs with direct budget outlay, and to report the results of such studies to the House on a recurring basis.
- (4) To review on a continuing basis, the conduct by the Congressional Budget Office of its functions and duties". {Ref. 4: pp. 174-175}

The Budget Committees were created to guide Congress in the task of setting national priorities. The Budget Committees overlapped the existing committee

structure and were designed to provide Congress the coordination that it lacked prior to the Budget Act.

1. Problems Integrating the committees into Congress

The new guardians had to fit into Congress's framework and establish a niche for themselves if they were to survive. There three problem areas that would retard the committees efforts:

- (1) budgeting has no unchallenged area of specialization;
- (2) the committee must deal with politically dangerous topics;
- (3) the nature of budgeting causes a sporadic workload. {Ref. 8: pp. 110-119}

The first area, lack of specialization, gives the committee overlapping interests with other committees which causes the members to be perceived as meddlers. This is not the type of committee on which a member normally can establish a career. {Ref. 8: p. 110}

Dealing with politically dangerous topics, such as the size of government and the trade-off between jobs and inflation, steeps the Budget Committees in controversial subjects. Most representatives avoid this kind of thankless job. Another politically dangerous area is the economic predictions. The Budget Committees promulgate the CBO's yearly economic forecasts. Because the budget is tied to the economy, most members fear that they must assume responsibility for that year's economic performance. {Ref. 8: pp. 112-114}

A sporadic workload is caused by the nature of budgeting. Attention is focused on the Budget Committee for a short period of time. This type of committee job is nonattention getting and therefore undesirable. The Budget Committee has attempted to focus attention after the budget cycle is over by issuing "early warning" reports. However, most of these nonbudget attention getting attempts have failed. {Ref. 8: p. 115}

2. Potential Rewards for Budgeting

While the negatives to membership on the Budget Committee were great, there were some rewards. Members of Congress seek membership on committees that will further their careers. The most popular committee positions are on powerful committees characterized by integration, autonomy, consensus, expertise, orientation to the parent chamber, and greater influence {Ref. 4: p. 58}. The Budget Committee did not offer these advantages but it did have the benefit of no seniority. A freshman representative could impact decision-making because of the structure of the committee.

This type of committee structure is unusual for Congress, which tends to use the seniority system for almost every facet of committee operations. Still, most freshmen viewed the committee as a secondary assignment and would give attendance at other committee sessions higher priority. {Ref. 4: pp. 78-79}

Other advantages include, no subcommittees and a large staff. Members work on the whole budget which sets national priorities; they are not divided into little segments only contributing a small part. When attention is focused on a budget member, he commands information about the whole picture instead of a snapshot. A large staff means influence and the Budget Committee requires a large number of people to police the budget resolutions. Some of the staff work for the members of the committee personally, while others work in adjacent offices and are basically divorced from the members. The centralized group or "core" staffs do the policing and detail work of budgeting. Unlike the core staffs, the members' aides go long periods without doing much budgeting work. {Ref. 8: p. 119-122}

The biggest reward of the Budget Committee goes to the Chairman of the committee. He is always in the spotlight. Reporters seek his opinions on the budget and tend to ignore the other members of the committee. During the first few years of the new process, the media lavished attention on the two Chairmen, Brock Adams and Edmund Muskie. They were always available to give personal explanations for why Congress was regaining control over the federal budget {Ref. 8: p. 126}. The chairmen can also gain in status because it is the Chairman of the Budget Committee who must deal with the other Chairmen on issues affecting the resolutions. Because of these factors the status of the position has grown with each year of the budget process.

3. Interaction of the Budget Committees with Congress from 1975 to 1979

As stated, there was little reward for a place on the Budget Committee for a member of Congress. Initially, the committee did not establish a niche for itself. Budgets were growing and the committee did little more than meddle into the business of the other committees. But times changed, and in 1979 there was a growing sentiment to balance the budget. Positions on the Budget Committee were sought because attention was being focused on the budget once again. Budgeting has cycles of interest and Congressmen know when to position themselves for a piece of the action. Before the Budget Act, the floor vote signaled to the Appropriations Committees that it was time to economize. After the Budget Act, it would be the Budget Committee who would lead Congress's economizing efforts.

C. LEGISLATIVE SAVINGS

From 1976 to 1979, the Budget Committees attempted to control the purse strings by using legislative savings. A legislative saving requires action to eliminate or modify a current law by the Authorizing Committee with jurisdiction {Ref. 7: p. 8}. These savings were an attempt to reduce the mandated expenditures of laws which had been passed years before. The Budget Committee would assume legislative savings at the time of the first budget resolution. These savings were listed in Budget Committee reports, not in the actual budget resolution. It was then left up to the Authorizing Committees to change the law. However, the creation of a new law or the modification of present ones is often a lengthy and cumbersome process. If the Authorizing Committee did nothing, the assumed savings would be lost. {Ref. 7: p. 9}

During FY 1977, The Budget Committees achieved one of their few legislative savings. While a total of 3027 million dollars were assumed in the first resolution, attention centered on the one percent kicker for federal retirees. The one percent kicker was a law which required an additional payment above the cost of living to retired federal employees. President Carter's budget suggested the elimination of the kicker. The Senate's Defense Authorizing Committee eliminated the kicker but the House's did not. The Senate based their elimination contingent on a similar treatment for civilian retirees. In conference, the elimination of the kicker was accepted and the bill became law. This was only the first step, because the Defense Appropriations Bill funded the kicker. It took floor action by the Chairman of the Budget Committee, Brock Adams, to stop the funding. This still did not eliminate the kicker because the Civilian Authorization and Appropriation Bills had to be changed. After much debate the bills were changed and the one percent kicker was eliminated. That legislative savings resulted in a 200 million dollar savings for FY 1977. It was the only savings that year out of the 3027 million initially assumed. {Ref. 7: p. 10}

The one percent kicker was a good example of the problems with legislative savings. Since the savings were not included in the first resolution, there was no binding vote on them. Once in a while, an affected committee would seek to reduce the amount of savings targeted for programs in its jurisdiction, but the typical strategy was to avoid a floor confrontation on the issue {Ref. 12: p. 53}. During the last year of legislative savings, FY 1980, the House Budget Committee organized a task force to try and make the system work. The committee assumed 6 billion dollars in savings and sent "Dear Colleague" letters to the Authorizing Committee Chairmen to push for the

changes. The Chairmen responded indicating support for about half of the savings. Also, the Budget Committee held meetings with the leaders of the House and sent reports to the Speaker of the House. These efforts resulted in a total savings of 200 million dollars or just 3% of the initial assumption.

Legislative savings failed because of two reasons:

- (1) They lacked the force of law.
- (2) There wasn't enough time to implement the cumbersome changes after the second resolution. {Ref. 7: p. 10}

The Budget Committee chose to avoid a jurisdictional battle by not including the savings in the first resolution. They hoped that, if Congress were to approve the resolution without tampering with the assumptions, it would be possible later in the year to push for the necessary legislation on the claim that Congress had endorsed the savings when it adopted the resolution. {Ref. 12: p. 6}

The lack of time to enact changes points out a problem in the budget process itself. Once the ceilings of the second resolution were agreed to, committees were unwilling to reopen appropriation issues that had been decided only weeks earlier or to take away funds that were about to be spent. This explains the infrequent use of reconciliation during this period. {Ref. 12: p. 6}

In conclusion, the Budget Committees spoke softly and did not carry a stick. The new guardians of the purse were initially weak because of the structural and procedural design of the congressional budget process. In order to effectively control spending, the Budget Committees would have to change the process in its favor. The next chapter will explore what the Budget Committees did to change the budget process and control the purse.

IV. RECONCILIATION: 1979 TO 1985

The failure of legislative savings pointed toward the need for a budget process that would bind representatives to savings decisions. This chapter will look at the triumphs and failures of the reconciliation process.

A. RULES AND SCOPE OF RECONCILIATION

The reconciliation process operates in the legislative environment of the Congress. There are rules which govern the Congress as a whole and special rules spelled out in Public Law 93-344 which govern the reconciliation process. Reconciliation has evolved and will continue to evolve because of its conflict-generating nature. This section will explain the rules and scope of the process.

1. Rules

The rules for reconciliation are dictated by legislative law. There are set procedures that Congress should follow, but in reality, the legislative branch rarely operates strictly according to the rules. Initially, there were rules that prevented adding nongermane amendments to the reconciliation bill. Congress quickly dispensed with that formality and began to attach whatever amendments they could to the bill as it was debated. However, there are some rules that have always been followed. The basic premise of reconciliation is that the Budget Committees only have jurisdiction of totals. The other committees decide how the cuts are to be made to the various programs under their jurisdiction. This does not prevent the Budget Committee from making suggestions, as they do each year. The rule against the directing of changes prevents the Budget Committees from upsetting the balance of power. Reconciliation can only work if the power is shared, and confining the Budget Committees to financial issues is a means of guarding against excessive concentration of power. {Ref. 12: p. 11}

2. Scope

The reconciliation process can change spending and revenue legislation with a single bill. Reconciliation instructions have been used to rewrite existing laws under the normal domain of the authorizing, appropriations and revenue Committees. The following is an example of a reconciliation instruction from FY 1984:

The House Committee on Veterans' Affairs shall report changes in law within the jurisdiction of that committee to change spending in amounts sufficient to

decrease budget authority by \$216,000,000 and outlays by \$214,000,000 in fiscal year 1984; further, the Congress finds that to attain the policy of this resolution in future fiscal years requires decreases of \$235,000,000 in budget authority and \$234,000,000 in outlays in fiscal year 1985; and requires decreases of \$241,000,000 in budget authority and \$238,000,000 in outlays in fiscal year 1986. {Ref. 13: p. 19}

The instruction shows the different treatment for the current year and the outyears.

Because spending decisions are hidden in various types of legislation, the Budget Committees made sure that authorizations were included into the process. This was no easy task because the Budget Act was designed to prevent authorization legislation being considered in the first budget resolution. Nevertheless, once Congress voted to allow authorization legislation to be considered in the reconciliation instructions, the Budget Committees could control entitlements which are not under the appropriations process. {Ref. 12: pp. 15-16}

Reconciliation instructions are multiyear in approach. They cover the current year and the next two outyears. The outyears are targets to prevent the committees from satisfying the terms but not the intent of an instruction. The 1980 Reconciliation bill (Public Law 96-499) had a single year scope and many committees made temporary changes to comply with the terms of the bill. The targets are an attempt to prevent the committees from writing this type of legislation. {Ref. 12: p. 17}

B. THE RECONCILIATION BILL

In order to save any money a reconciliation bill must be signed by the President. That action is the end of a long process which started before the first budget resolution is reported. At that time, the committees of Congress start working on the changes in law that they expect will be included or want included in the reconciliation instructions. This is required because of the one month requirement to report legislation after the first budget resolution. The next step is the reporting of the budget resolution by both Houses. Each Budget Committee reports reconciliation instructions for the committees of both Houses because the House and Senate have different committee names and jurisdictions. After the resolutions are reported, they are debated and amended until each House agrees on their own version of the budget resolution. Each House must agree on their own version of the budget resolution. Once the two bodies have voted favorably for their separate bills, the Budget Committee and other affected committee representatives meet in conference.

In conference, the House and Senate iron out differences and decide on one version of the bill. The bill must be passed without changes in both the House and Senate in order to be submitted for presidential approval; otherwise, the bill goes back to conference to once again create a single version of the bill.

C. THE FIRST USE OF RECONCILIATION: FY 1981

The Senate Budget Committee attempted to move the reconciliation process to the first resolution in FY 1980. The Senate committee felt that binding savings, which were voted upon by the body of Congress, would realize actual savings. The House Budget Committee was unwilling to go along with its counterpart and pushed for legislative savings. As discussed before, the legislative savings process failed and the House Budget Committee reconsidered the Senate approach. The House Budget Committee reported the first budget resolution (H.Con.Res 307) for FY 1981 in March of 1980. The resolution contained reconciliation instructions directing eight House and eight Senate Authorizing Committees to report legislation saving 9.059 billion in outlays. Table 3 is a breakdown of assigned savings by House Committees (Ref. 8: p. 18).

TABLE 3
HOUSE RECONCILIATION INSTRUCTIONS: FY 1981

(in millions)		
House Committee	Budget Authority	Outlays
Ways and Means	-717	-1869
Interstate and Foreign Commerce	-200	-270
Post Office and Civil Service	-3639	-4204
Veterans' Affairs	-400	-400
Public Works and Transportation	-150	-550
Education and Labor	-839	-786
Agriculture	-520	-520
Armed Services	-3263	-3188
Total	-6925*	-9059*
* adjusted for double counting.		

The committees used section 301(B)(2) of Public Law 93-344 as authority to move reconciliation to the first resolution. That section provides that the first budget resolution may require any procedure "which is considered appropriate to carry out the

purpose of this Act" {Ref. 4: p. 181}. The committee report addressed the issue of whether reconciled committees were restricted to specific spending reductions, or whether the committees had flexibility to pick and choose which programs would be reduced:

Although the committee may suggest certain specific reforms in making its reconciliation recommendations, the Authorizing Committees are free to determine what provisions of law will be changed and how those changes will be made. The only requirement is that the committee realize the total amount of savings specified in the reconciliation instruction. {Ref. 7: p. 17}

The Committee Chairmen put up a strong floor fight to prevent the use of reconciliation in the first budget resolution. The Chairmen argued that reconciliation instructions were an attack on the committee system itself. They also felt that the spending committees were in the best position to make spending cuts because they were most familiar with the priorities within their jurisdictions. The Budget Committee countered these claims by pointing out the failure of legislative savings the previous year. The committee also addressed the time constraints involved with generating new legislation and the flexibility of the Budget Act which envisioned evolution. After the debate, Republicans and Democrats joined together to vote for the budget resolution which included reconciliation instructions. That vote gave the Budget Committees a tool to try and control the purse. {Ref. 7: pp. 17-21}

The largest conference in the history of Congress met to iron out the differences between the bills. After several months of legislative work, President Carter signed the bill into law (PL 96-499) on 5 December 1980. The President hailed Congress saying:

There have been times this year . . . when we were doubtful about whether the budget procedure itself could be preserved. But the Reconciliation Act of 1980 . . . is a vivid demonstration of the courage of Congress in dealing with very difficult questions in exercising budget restraint. {Ref. 14: p. 130}

D. RECONCILIATION: FY1982 TO 1986

1. Different Years - Different Processes

a. FY 1982

As stated before, reconciliation is evolving. In FY 1982, the Reagan Administration used reconciliation to spearhead the "Reagan revolution". The Senate included the large package of cuts in its first resolution. The House Budget Committee ignored the suggested cuts and reported a much smaller reconciliation package. After

the first resolution was reported, representatives in the House substituted a floor amendment for the reconciliation instructions reported in the first budget resolution. Delbert Latta offered the amendment, essentially the same as the President's plan, which increased the Budget Committees proposed cuts by 20 billion dollars. The Latta substitute, offered 7 May 1981, caused problems for the committees due to the time required to achieve change the existing laws. Normally, the committees start work on the changes in February. The substitution of instructions during debate of the budget resolution circumvented committee input to the process. Because the process had never been used at this point in the budget cycle nor involved such a magnitude of program cuts, there was a great deal of confusion over both procedures and strategies for affecting the outcomes {Ref. 6: p. 326}. The problems involved with the 1982 use of reconciliation led to modified reconciliation efforts of successive years in an attempt to curtail the scope and complexity of the process. {Ref. 7: p. 34}

b. FY 1983

In FY 1983, six substitutes were offered before the House version of the budget resolution was rejected by the House. The House passed a new version of the budget resolution and again substituted a Latta reconciliation package for its text. After the conference , the parts of the reconciliation package were considered separately on the floor. This differed from the usual single package approach. There were four bills: H.R. 6782, H.R. 6862, H.R. 6812, and H.R. 6892 in the House. The Ways and Means Committee did not report out a separate bill and proceeded directly to conference. Eventually, all of the bills were combined into one bill as the Budget Act had intended the process to work. FY 1983 was the first year that revenue increases were a significant part of the reconciliation package. The Ways and Means Committee played politics and allowed the Senate's Finance Committee to report a politically unpopular tax increase package. The House had strongly rejected the Ways and Means Committee's response to the reconciliation instructions. Even though the Constitution stipulates that revenue legislation must originate in the House, it was an election year and the democratically controlled House was willing to delegate that authority. The revenue increase was seen as the first major test of congressional willingness to comply with reconciliation instructions. It took strong political support from President Reagan and House Speaker Thomas P. O'Neill, Jr. to pass the bill. {Ref. 15: 217}

c. FY 1984

FY 1984 was characterized by disagreement between the House and Senate. After much debate, the Senate adopted a House version of the reconciliation bill for that year and it became Public Law 98-270. The savings were small (1.4 billion in budget authority, 1.828 in outlay), compared to the previous three years. The law was passed in April of 1984 which just beat out the deadline for consideration.

d. FY 1985

FY 1985 was a confused effort because the bill from the previous fiscal year remained unpassed. The House Budget Committee reported reconciliation instructions that included the last years savings. Once the FY 1984 bill was signed into law, reconciliation was abandoned for FY 1985. Congress turned its attention to a deficit reduction plan which differed from the reconciliation process.

e. FY 1986

The 1985 Reconciliation Bill was a large package aimed at reducing the deficit. There were problems with the process that year because the House passed two bills (Hr 3128, Hr 3500) which included overlapping and sometimes conflicting provisions from 14 committees. The conference agreement generated objections and veto threats because of several controversial elements, not the least of which was the manufacturers' tax to pay the "superfund" hazardous-waste cleanup program {Ref. 16: p. 499}. The House and Senate fought over the superfund tax and both eventually rejected the conference report. All during the debate, President Reagan threatened to veto the bill because of various taxes designed to raise revenues were included in the package. FY 1986 marked a decided shift in the focus of reconciliation from program cuts to revenue increases. The administration, which was known for not increasing taxes, and various factions in the Congress killed the bill in 1985.

E. RECONCILIATION AND THE POWER OF THE PURSE

Reconciliation gave the Budget Committees the cutting edge. Congress ensured that it would be able to carry out an overall fiscal policy. In the 50's, Congress was able to economize by rejecting appropriations bills as they reached the floor. It took 30 years for Congress to reinstitute a process which expressed its will upon the committees. Even after the Budget Act, Congress continued to show accommodation to traditional committee interests and budgeting patterns. Reconciliation represents the first time in budgeting that Congress has really been able to overcome its decentralized structure and its general pattern of accommodation. {Ref. 6: p. 330}

Some argue that reconciliation is a shift toward executive control of the congressional budget. The Reagan Blitz was characterized by Congress substituting the Budget Committee's plans for the President's wishes. In 1981 the committees did not have enough time to formulate their own cuts. They used the OMB recommended cuts to satisfy the reporting requirements. But large cuts and the Reagan Blitz appear to be over and without popular support, and presidential advocacy of reconciliation seems to have little effect on Congress.

Critics charge that reconciliation has changed the congressional balance of power. In some cases, reconciliation can eliminate the normal distinction between the legislative committees and appropriating committees with one sweeping vote on the floor. In 1982 Congress legislated in reverse with the body as a whole instructing the committees on what actions to take. Reconciliation brings the authorizing, appropriations, and revenue functions under the Budget Committees' purview. The brief history of reconciliation does not support the theory that a shift of power has taken place. The committees can use their positions to cause stalemate and the prevention of a reconciliation bill from passing.

Some feel that the savings are ambiguous. Tax increases and expenditures cuts are being packaged together making it difficult to identify the cuts. Often the cuts themselves are hazy, including such items as management savings, lower interest payments, and accounting changes (Ref. 17: p. 123). It appears that reconciliation cuts can fall prey to congressional strategies which are designed to avoid hard decision-making. The next chapter will use data to explore the advantages and disadvantages of the reconciliation process.

V. DATA, ANALYSIS, CONCLUSIONS

This chapter will study different groups of data to try and assess the impact of reconciliation. Data collected by Fenno in the 1950's will be compared to the reconciliation data of the 1980's, to compare the budget cutting tools of his time against the tools of today. Also, the reconciliation data for six years will be evaluated for any significant trends.

A. CONGRESS AND THE POWER OF THE PURSE

This section examines whether Congress has regained the power of the purse using reconciliation. Fenno studied the Appropriations Committees in the 1950's and came to the conclusion that the appropriation process underpinned the relationship between the Legislative and Executive branches of Government. Fenno quantified the power by studying the degree to which the Executive branch budget requests were cut. As discussed before, the appropriation process deteriorated and the cuts became insignificant. Reconciliation is a new way to control the budget which goes beyond simple reductions to annual appropriations.

1. Data

Fenno studied the reductions made to 36 bureaus from 1950 to 1962. Table 4 identifies the cuts (in percent) made by the House Appropriations Committee (Ref. 2: p. 359). Included in Table 4 is an adjustment to Fenno's data based on the percentage of the budget which came under appropriations review or was controllable. Due to the unavailability of data, regression analysis was used to project the controllable percentages from known data taken from the *Budget of the United States series*. The two percentages were multiplied together to arrive at an overall budget control percentage.

Table 5 lists the final reconciliation cuts made during 1980 to 1985. These figures are the savings for each budget year and do not include the targets of the outyears. Revenue increases were not included because they are not related to appropriation type cuts. Budget authority and outlay cuts were summed and compared to the size of the total budget. The percentage arrived at represents an overall budget control percentage.

TABLE 4
APPROPRIATIONS COMMITTEE CUTS: 1950 TO 1962

Year	% of budget	% cut	% of total budget cut
+++++	+++++	+++++	+++++
1950	72.1	6.2	4.5
1951	70.3	5.3	3.7
1952	68.4	6.0	4.1
1953	66.6	15.2	10.1
1954	64.8	4.9	3.2
1955	63.0	2.7	1.7
1956	61.1	3.7	2.3
1957	59.3	8.0	4.7
1958	57.5	0.5	0.3
1959	55.6	0.4	0.2
1960	53.8	1.2	0.6
1961	52.0	3.3	1.7
1962	49.9	3.6	1.8
			=====
		average cut	3.0

TABLE 5
RECONCILIATION BUDGET CUTS: 1980 TO 1985

YEAR	BUDGET	B. A.	OUTLAYS	TOTAL CUTS	%CUT
----	-----	-----	-----	-----	-----
1980	590920	3092	4631	7723	1.3
1981	678209	51900	35190	87090	12.8
1982	745706	2633	7064	9697	1.3
1983	808327	0	0	0	0.0
1984	851781	1400	1828	3228	0.4
1985	946323	0	0	0	0.0
					=====
				average cut	2.6

2. Analysis

During the period that Fenno studied the Appropriations Committees the average cut was 3.0%. The size of the cuts varied from an 11% cut during an economy year to an insignificant cut of 0.2% in 1959. The economy year of 1953 was spurred by a Republican controlled Congress reacting to a Democratic President's request for programs. The next year the Republican Congress acted with far greater leniency toward a Republican President {Ref. 2: p. 359}.

The average reconciliation cut of the budget was 2.6%. The largest cut was 12.8% in 1981 and the smallest was 0% in 1983 and 1985. However, the 1984 data includes some savings formulated but not passed in 1983. The biggest cut was in 1981 during the Reagan Blitz. The Republican President used a Republican controlled Senate to make large cuts to the budget.

Table 6 compares the cuts made by the two different processes. The range and average of the reductions are similar. Even the pattern of the cuts is somewhat similar; a large cut followed by years of much smaller cuts. In any case, the results of the two very different processes reveals that Congress wants the ability to make significant reductions to the total budget when there is an economy mood in the country.

TABLE 6
COMPARISON OF BUDGET CUTTING PROCESSES

APPROPRIATIONS		RECONCILIATION	
YEAR	% CUT	YEAR (FY)	% CUT
++++	++++	++++	++++
1950	4.5	1981	1.3
1951	5.3	1982	12.8
1952	4.1	1983	1.3
1953	10.1	1984	0.0
1954	3.2	1985	0.4
1955	1.7	1986	0.0
1956	2.3		
1957	4.7		
1958	0.3		
1959	0.2		
1960	0.6		
1961	1.7		
1962	1.8		
	=====		=====
AVE	3.0		2.6

3. Conclusion

Congress reestablished a system that could cut a significant portion from the overall budget. Fenno concluded that the House Appropriations Committee controlled the power of the purse by reducing Presidential budget requests an average of 3%. It appears that, based on statistical analysis of reconciliation, Congress has regained the power of the purse. During an economy year, Congress can instruct the committees to cut spending for the current year and programmed spending from previous years.

Reconciliation cuts go beyond the scope of the appropriations process and cut the Authorizing Committees' spending ability.

On the other hand, 1983 and 1985 point out a potential problem area that Congress faces using the reconciliation process to control the budget. Congress can choose not to pass a reconciliation bill and the savings are lost. The conflict generating aspects of the reconciliation process might create the potential for more years with zero cuts.

B. THE POWER OF THE PURSE WITHIN CONGRESS

When Fenno studied the appropriation system, He reported that within Congress the House led the way in budget cutting decisions. The Senate decreased the average cut made by the House Committee by 3.2% {Ref. 2: p. 586}. The Senate had different norms and attitudes toward budget cutting than its counterpart in the House. Fenno described the House's perception of the Senate as "a mutual admiration society," or a "a small body where trading is easy" {Ref. 2: p. 627}. The Senators were careful not to step on anyone's toes and rarely openly criticized each other's pet projects. This section will examine whether the pattern described in Fenno's time has changed.

1. Data

The data presented in Table 7 is the initial instructions contained in the first budget resolutions of the House and Senate and is only the total for that budget year. Outyears have not been included. The data was obtained from House and Senate reports which accompany that year's resolution. The Budget Committees include reconciliation instructions in the first budget resolution each year. These instructions are not binding until the respective House approves their resolution. Therefore, the data presented is the Budget Committees's suggested cuts based on the other committees of Congress inputs. These suggested reductions to the budget are similar to the Appropriations Committees' decisions in Fenno's time. The data includes instructions from FY 1980. As stated before, the Senate included reconciliation instructions in their first budget resolution but the House continued to rely on legislative savings.

2. Analysis

Based on the data in Table 7, the Senate Budget Committee proposes larger cuts than the House Budget Committee (except for 1985, when the Senate Committee did not include reconciliation instructions in the first resolution because the reconciliation bill had not passed from the previous year). Cuts, which are twice the

TABLE 7
PROPOSED RECONCILIATION TOTALS

YEAR FY	HOUSE INSTRUCTIONS B. A.	OUTLAYS	SENATE INSTRUCTIONS B. A.	OUTLAYS
1980	0	0	3500	4000
1981	4240	5744	4652	6558
1982	13052	15823	52825	36945
1983	0	4184	3703	9504
1984	1751	2189	1842	3121
1985	1200	2350	1200	2350
1986	7680	14740	22069	29903
	=====	=====	=====	=====
TOTAL	27923	45030	89791	92381

size, are common. The big difference in FY 1981 represents the different pattern of adoption of the Reagan proposed budget cuts. The House substituted the Reagan plan after the reporting of the first resolution, while the the Senate immediately incorporated the cuts into the their resolution and then reported it. Even with FY 1982 removed from the data set, the Senate would still have proposed an extra 24 billion dollars in cuts to outlays.

Before 1981, both Budget Committees had Democratic leadership, while after 1981, the Republicans controlled the Chairmanship of the Senate committee. The data does not support any change of budgeting patterns after the Republicans took over.

3. Conclusions

The evidence presented in Table 7 suggests that the Senate Budget Committee guards this nation's purse. The Senate consistently proposes larger cuts to the budget. The difference in party control of the Budget Committees does not account for the apparent shift in norms since Fenno's time. The Senate proposed larger cuts even when it was Democratically controlled. If the Budget Committees are the new guardians of the purse, then the norms of budgeting which were true in the 1950's are no longer applicable today. The evidence suggests that the Senate is no longer "the court of last appeal", and that the House has relinquished its claim on the power of the purse to the Senate.

C. CONGRESS AND RECONCILIATION INSTRUCTIONS: FY 1981

Each year the Budget Committee issues reconciliation instruction once Congress approves the savings, the committees should follow through to achieve the desired

results. By passing the first resolution, the Congress established a legislative law which, in theory, binds the committees instructed to carry out the provisions of that law. This section will trace the flow of instructions in the House from the initial reporting of the first budget resolution to the final bill.

1. Data

The Budget Committee reported the FY 1981 First Budget Resolution which contained the reconciliation instructions previously discussed in Chapter IV. A total of nine committees were directed to report legislation saving 6.925 billion in budget authority, 9.059 billion in outlays, and increasing revenues 22.2 billion. The data was adjusted for double counting between the Armed Services Committee and the Post Office and Civil Services Committee.

Input from Committee Chairmen and general politicking smoothed the initial assumptions before they were reported in the House Budget Resolution. Table 8 presents the changes and the percentage increase or decrease for each committee. There is nothing to bind Congress to the totals at this point in the budget process, so changes were made to the initial assumptions.

The data is presented for each House committee that was given an instruction. The initial instructions are compared to the changes made before the budget resolution was passed. The column on the right maintains a record of the increases or decreases to the totals.

The House passed the resolution on 7 May 1980. Table 9 shows the various changes that were made to the reconciliation instructions.

At this point the budget resolution is open for Congress to examine the priorities contained within the document. In FY 1981, there were two budget resolutions; the first was intended as a target and the second as a ceiling. Representatives sometimes force the amendment of the resolution before it can be passed by a majority. These amendments can create new reconciliation requirements that were not envisioned by the Budget Committees, such as the 800 million dollar cut in budget authority to the Small Business Committee. Once passed, the House has made an **agreement** with itself to carry out the provisions of the budget resolution.

Once the Senate passed their version of the budget resolution, the reconciliation package was separated from the budget resolution. The two Houses met in conference to agree on one version of the FY 1981 Reconciliation Bill. Once the compromise was agreed to, it had to be passed by both Houses of Congress. During

TABLE 8
CHANGES TO HOUSE BUDGET COMMITTEE'S INITIAL
ASSUMPTIONS

(in millions of dollars)

CHANGES TO BUDGET AUTHORITY ASSUMPTIONS			
	INITIAL (Mar)	BEFORE PASSAGE (May)	% CHANGE
COMMITTEES:			
WAYS + MEANS	717	700	02 decrease
COMMERCE	200	200	no change
P.O. + CIV SER	2238	1000	55 decrease
VET AFFAIRS	400	400	no change
P.W. + TRANS	150	600	300 increase
ED + LABOR	839	850	01 increase
AGRICULTURE	520	0	eliminated
ARMED SERVICE	1861	400	79 decrease
SMALL BUSINESS	0	800	created
=====	=====	=====	=====
TOTAL	6925	4950	29 decrease

CHANGES TO OUTLAY ASSUMPTIONS			
	INITIAL (Mar)	BEFORE PASSAGE (May)	% CHANGE
COMMITTEES:			
WAYS + MEANS	1869	2100	12 increase
COMMERCE	270	400	48 increase
P.O. + CIV SER	2840	1000	65 decrease
VET AFFAIRS	400	400	no change
P.W. + TRANS	550	750	36 increase
ED + LABOR	786	850	08 increase
AGRICULTURE	520	0	eliminated
ARMED SERVICE	1824	400	78 decrease
SMALL BUSINESS	0	600	created
=====	=====	=====	=====
TOTAL	9059	6400	30 decrease

CHANGES TO REVENUE ASSUMPTIONS			
	INITIAL (Mar)	BEFORE PASSAGE (May)	% CHANGE
=====	=====	=====	=====
TOTAL	22200	4200	81 decrease

the conference, reconciliation requirements were created, increased, decreased, or unchanged. Table 10 tracks the difference between the House passed resolution and the conference agreement on the Fy 1981 Reconciliation Bill.

President Carter signed the bill into law on 5 December 1980.

TABLE 9
CHANGES TO THE INITIAL RESOLUTION ASSUMPTION

(in millions of dollars)

CHANGES TO BUDGET AUTHORITY ASSUMPTIONS			
	BEFORE PASSAGE (May)	AFTER PASSAGE (May)	% CHANGE
COMMITTEES:			
WAYS + MEANS	700	1461	109 increase
COMMERCE	200	-4	eliminated
P.O. + CIV SER	1000	544	46 decrease
VET AFFAIRS	400	375	06 decrease
P.W. + TRANS	600	300	50 decrease
ED + LABOR	850	764	10 decrease
AGRICULTURE	0	0	no change
ARMED SERVICE	400	0	eliminated
SMALL BUSINESS	800	800	no change
=====	=====	=====	=====
TOTAL	4950	4239	14 decrease

CHANGES TO OUTLAY ASSUMPTIONS			
	BEFORE PASSAGE (May)	AFTER PASSAGE (May)	% CHANGE
COMMITTEES:			
WAYS + MEANS	2100	2336	11 increase
COMMERCE	400	349	13 decrease
P.O. + CIV SER	1000	619	38 decrease
VET AFFAIRS	400	375	06 decrease
P.W. + TRANS	750	760	01 increase
ED + LABOR	850	705	17 decrease
AGRICULTURE	0	0	no change
ARMED SERVICE	400	0	eliminated
SMALL BUSINESS	600	600	no change
=====	=====	=====	=====
TOTAL	6400	5744	10 decrease

CHANGES TO REVENUE ASSUMPTIONS			
	BEFORE PASSAGE (May)	AFTER PASSAGE (May)	% CHANGE
=====	=====	=====	=====
TOTAL	4200	4000	5 decrease

Finally, Table 11 summarizes the flow of changes from the initial assumptions to the final bill. It captures the total change to a committee's required cuts which is sometimes lost when compared at each step.

2. Analysis

In FY 1981, the biggest changes to the reconciliation instructions came at the beginning and the end of the process. Overall, the final cuts were about 50% of the

TABLE 10
CHANGES TO HOUSE PASSED RESOLUTION

(in millions of dollars)

CHANGES TO BUDGET AUTHORITY ASSUMPTIONS			
	AFTER PASSAGE (May)	CONFER AGREE (Jun)	% CHANGE
COMMITTEES:			
WAYS + MEANS	1461	149	90 decrease
COMMERCE	-4	82	created
P.O. + CIV SER	544	429	21 decrease
VET AFFAIRS	375	487	30 increase
P.W. + TRANS	300	305	02 increase
ED + LABOR	764	840	10 increase
AGRICULTURE	0	0	no change
ARMED SERVICE	0	0	no change
SMALL BUSINESS	800	800	no change
=====	=====	=====	=====
TOTAL	4239	3092	27 decrease

CHANGES TO OUTLAY ASSUMPTIONS			
	AFTER PASSAGE (May)	CONFER AGREE (Jun)	% CHANGE
COMMITTEES:			
WAYS + MEANS	2336	417	82 decrease
COMMERCE	349	1100	215 increase
P.O. + CIV SER	619	463	25 decrease
VET AFFAIRS	375	493	31 increase
P.W. + TRANS	760	732	04 decrease
ED + LABOR	705	826	17 increase
AGRICULTURE	0	0	no change
ARMED SERVICE	0	0	no change
SMALL BUSINESS	600	600	no change
=====	=====	=====	=====
TOTAL	5744	4631	20 decrease

CHANGES TO REVENUE ASSUMPTIONS			
	AFTER PASSAGE (May)	CONFER AGREE (Jun)	% CHANGE
=====	=====	=====	=====
TOTAL	4000	3645	9 decrease

initially proposed cuts and the proposed revenue increases were reduced 83%. While some committees' instructions did increase, the general trend was downward. The Ways and Means Committee managed to avoid the majority of its instructed cuts and revenue increases by the end of the process. Other successful avoiders include: the Armed Services Committee, the Agriculture Committee, and the Post Office Civil

TABLE 11
THE HOUSE BUDGET COMMITTEE'S INITIAL ASSUMPTIONS
COMPARED TO THE FINAL RECONCILIATION BILL

(in millions of dollars)

CHANGES TO BUDGET AUTHORITY ASSUMPTIONS			
	INITIAL (Mar)	CONFER AGREE (Jun)	% CHANGE
COMMITTEES:			
WAYS + MEANS	717	149	80 decrease
COMMERCE	200	82	59 decrease
P.O. + CIV SER	2238	429	81 decrease
VET AFFAIRS	400	487	21 increase
P.W. + TRANS	150	305	103 increase
ED + LABOR	839	840	no change
AGRICULTURE	520	0	eliminated
ARMED SERVICE	1861	0	eliminated
SMALL BUSINESS	0	800	created
=====	=====	=====	=====
TOTAL	6925	3092	55 decrease
CHANGES TO OUTLAY ASSUMPTIONS			
	INITIAL (Mar)	CONFER AGREE (Jun)	% CHANGE
COMMITTEES:			
WAYS + MEANS	1869	417	78 decrease
COMMERCE	270	1100	307 increase
P.O. + CIV SER	2840	463	86 decrease
VET AFFAIRS	400	493	23 increase
P.W. + TRANS	550	732	33 increase
ED + LABOR	786	826	5 increase
AGRICULTURE	520	0	eliminated
ARMED SERVICE	1824	0	eliminated
SMALL BUSINESS	0	0	no change
=====	=====	=====	=====
TOTAL	9059	4631	49 decrease
CHANGES TO REVENUE ASSUMPTIONS			
	INITIAL (Mar)	CONFER AGREE (Jun)	% CHANGE
=====	=====	=====	=====
TOTAL	22200	3645	84 decrease

Service Committee. The cuts to the Committee on Veterans' Affairs and the Public Works and Transportation were increased as the process proceeded. Only the changes to the Education and Labor Committee remained relatively stable.

3. Conclusions

The Budget Committee's proposed reconciliation savings had the least effect on the powerful Ways and Means Committee. It appears that even when Congress writes legislative laws to force action, some committees can use their influential positions and avoid making the cuts.

The overall 50% compliance with the reconciliation process represents a significant improvement over the legislative savings process. Typical legislative savings were only 3% or less of the assumed savings.

D. THE FLOW OF INSTRUCTIONS THROUGH THE SENATE: FY 1984

For the purpose of comparison to FY 1981, the flow of reconciliation instructions through the Senate will be examined. FY 1984 was a modified attempt at reconciliation compared to FY 1981 and FY 1982. The initial instructions contained in the Senate Concurrent Resolution (SCR) were about half the magnitude of FY 1981. Also, the savings which were passed in April of 1984 were much smaller than the previous efforts.

1. Data

The Senate Budget Committee reported a modest reconciliation effort aimed at five Senate committees and eight House committees. The first columns in Table 12 lists the savings contained in the Senate's FY 1984 First Budget Resolution.

The second column lists the compromise reached in conference. The third column compares the two and provides a percentage evaluation of the changes to the resolutions. The revenues instruction is aimed at the House Ways and Means Committee. The committees listed are in terms of the Senate's Committee structure. The total budget authority instruction is 1842 million dollars and the outlay total is 3121 million dollars. Initially, both the House and Senate wanted the Ways and Means Committee to raise revenues by about 30 billion dollars. After the conference, the revenue instruction was pared down to 12 billion dollars. The Senate Budget Committee was unable to push the conference agreement through the Senate. The Senate adopted a House version of the reconciliation bill which was essentially the House's position on reconciliation prior to the conference.

Table 13 evaluates the difference between the conference agreement and the final bill. The data is presented in the same format as the previous table.

TABLE 12
CHANGES TO THE SENATE'S RESOLUTION

(in millions of dollars)

CHANGES TO BUDGET AUTHORITY ASSUMPTIONS			
	S. C. R. (Apr)	CONFER AGREE (Jun)	% CHANGE
COMMITTEES:			
AGRICULTURE	1243	0	eliminated
FINANCE	0	0	no change
GOV AFFAIRS	258	1619	528 increase
S. B. A.	139	139	no change
VETERANS	202	228	12 increase
	=====	=====	=====
TOTAL	1842	1986	7 increase
CHANGES TO OUTLAY ASSUMPTIONS			
	S. C. R. (APR)	CONFER AGREE (Jun)	% CHANGE
COMMITTEES:			
AGRICULTURE	1243	0	eliminated
FINANCE	856	400	53 decrease
GOV AFFAIRS	534	1900	256 increase
S. B. A.	287	287	no change
VETERANS	201	226	12 increase
	=====	=====	=====
TOTAL	3121	2813	10 decrease
CHANGES TO REVENUE ASSUMPTIONS			
	S. C. R. (Apr)	CONFER AGREE (Jun)	% CHANGE
	=====	=====	=====
TOTAL	30200	12000	60 decrease

The information was collected from both the Senate's and House's reports which accompany the different bills. The final bill contained totals of 1400 and 1828 million dollars for budget authority and outlay. The revenue instruction was eliminated.

Table 14 summarizes the change from the instructions contained in S.C.R. 27 and the final bill as signed by the President.

There was a 24% reduction to budget authority and a 41% decrease in outlays. The revenue instruction was reduced 30.2 billion dollars and eliminated. It should be noted that the Agriculture Committee's initial instruction was based on the elimination of milk price supports which was considered unrealistic at the time.

TABLE 13
CHANGES TO THE CONFERENCE AGREEMENT

(in millions of dollars)

CHANGES TO BUDGET AUTHORITY ASSUMPTIONS			
	CONFER AGREE (Jun)	FINAL BILL (Apr)	% CHANGE
COMMITTEES:			
AGRICULTURE	0	0	no change
FINANCE	0	0	no change
GOV AFFAIRS	1619	1053	35 decrease
S. B. A.	139	139	no change
VETERANS	228	208	9 decrease
	=====	=====	=====
TOTAL	1986	1400	29 decrease

CHANGES TO OUTLAY ASSUMPTIONS			
	CONFER AGREE (Jun)	FINAL BILL (Apr)	% CHANGE
COMMITTEES:			
AGRICULTURE	0	0	no change
FINANCE	400	0	eliminated
GOV AFFAIRS	1900	1334	30 decreased
S. B. A.	287	288	no change
VETERANS	226	206	09 decrease
	=====	=====	=====
TOTAL	2813	1828	35 decrease

CHANGES TO REVENUE ASSUMPTIONS			
	CONFER AGREE (Jun)	FINAL BILL (Apr)	% CHANGE
	=====	=====	=====
TOTAL	12000	0	eliminated

2. Analysis

FY 1984 was very different from FY 1981. First of all, the initial effort was one half the size of the first attempt. Second, there were substantial changes made to conference agreement before the President finally signed the bill. Third, there was a breakdown between the efforts of the House and Senate to push the compromise bill through each House. There was very little difference between the two Budget Committees' versions of the reconciliation instructions. The totals in Table 12 shows only a slight change in both Budget Authority and Outlays, but there was significant changes to the individual committee's requirements. The Agriculture Committee's

TABLE 14
CHANGES FROM THE RESOLUTION TO THE FINAL BILL

(in millions of dollars)

CHANGES TO BUDGET AUTHORITY ASSUMPTIONS			
	S. C. R. (Apr)	FINAL BILL (Apr)	% CHANGE
COMMITTEES:			
AGRICULTURE	1243	0	eliminated
FINANCE	0	0	no change
GOV AFFAIRS	258	1053	308 increase
S. B. A.	139	139	no change
VETERANS	202	208	03 increase
	=====	=====	=====
TOTAL	1842	1400	24 decrease
CHANGES TO OUTLAY ASSUMPTIONS			
	S. C. R. (Apr)	FINAL BILL (Apr)	% CHANGE
COMMITTEES:			
AGRICULTURE	1243	0	eliminated
FINANCE	856	0	eliminated
GOV AFFAIRS	534	1334	150 increase
S. B. A.	287	288	no change
VETERANS	201	206	3 increase
	=====	=====	=====
TOTAL	3121	1828	41 decrease
CHANGES TO REVENUE ASSUMPTIONS			
	S. C. R. (Apr)	FINAL BILL (Apr)	% CHANGE
	=====	=====	=====
TOTAL	30200	0	eliminated

instructions were reduced by about the same amount that the Government Affairs Committee's requirements were increased. Once again, the Ways and Means Committee's revenue instructions were dropped dramatically. This time, the reduction was over 18 billion dollars.

The information in Table 13 contains another instance of where the Ways and Means Committee managed to eliminate its requirement to report revenue increases and outlay reductions. The Senate Finance Committee is the Senate's equivalent to the House Ways and Means Committee. The 400 million requirement for those committees was the only instruction which was eliminated in the final bill.

The data in Table 14 shows a similar pattern to the information which was contained in the summary Table 11 from FY 1981. There is a strong downward trend with almost all of the initial requirements being reduced. The best avoiders were the Agriculture Committees and the Ways and Means Committee. Revenues increases were either scaled down or eliminated.

3. Conclusions

The conflict generating aspects of reconciliation stopped the FY 1984 process from being completed on time. Even though the totals were small compared to previous efforts, there was so much disagreement that the bill wasn't signed until April of the next year. The Budget Committees were unable to get the compromise conference agreement passed. By FY 1984, Congressional support of the reconciliation process had begun to fade. Probably the one piece of data that ties FY 1981 and FY 1984 together is the Ways and Means Committee's ability to avoid having to write reconciliation legislation. It appears that the Budget Committees have become powerful committees in Congress and have established a niche for themselves, but they are not stronger than the Ways and Means Committee and seem to have little control over that committee.

E. CONCLUSIONS

The reconciliation process is a major improvement to the Congressional budgeting process. It provides the Congress with a mechanism to reduce programmed spending. The Budget Committees established themselves as the new guardians of the purse. But it is clear that the new guardians have stronger positions over only some of the committees. There is lots of room for political maneuvering within the reconciliation process. One of the clearest cases of that kind of political positioning happened in FY 1985, when the Ways and Means Committee allowed the Senate to report revenue legislation. The papers and other reports considered that act to be the first test of the committee's willingness to comply with the reconciliation instructions. However, it is clear that those reports were only political rhetoric because the committees were only following the instructions about half the time and the powerful Ways and Means Committee almost never complied with the instructions. However, it should be pointed out that the Reagan Administration generally did not approve of any kind of tax legislation, but probably would have approved of revenue increases tied to a reconciliation package as he did in Fy 1985.

Reconciliation has worked in the past and could continue to work in the future. Currently, budgeting in the U.S. is in a state of turmoil and reconciliation is part of the conflict. There is an ideological gap between the Congress and the President that is preventing budgets from being passed, never mind budget cutting legislation. The future of reconciliation may depend on a closer alignment of the Congress and the President with respect to budget cutting goals.

It is clear that reconciliation has given Congress the tool to control the Government's purse strings. The question remains whether Congress will use that tool to control the size of the budget or continue to allow deficit spending to be the law of the land.

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